

ASSOCIATION NO. 21-28-A FILE 1425

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INTERSTATE COMMERCE COMMISSION

Certificate

Attached is a true and complete copy of the Senior Security Agreement dated December 30, 1983 between Olive Leasing Corporation and Citicorp Industrial Credit, Inc., which I have carefully compared with the original.

IN WITNESS WHEREOF, I have signed this certificate this 6th day of January, 1984.

Adele Mahlow
Notary Public

ADELE MAHLOW
NOTARY PUBLIC, State of New York
No. 31-47324f3
Qualified in New York County
Commission Expires March 30, 1984

[Seal]

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SENIOR SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

This SENIOR SECURITY AGREEMENT, dated December 30, 1983 (the "Senior Security Agreement") between Olive Leasing Corporation, a Pennsylvania corporation (the "Owner") and Citicorp Industrial Credit, Inc., a Delaware corporation (the "Senior Lender").

A. As provided in Section 1.1 hereof, the terms defined in Schedule 1 hereto or by reference therein to other instruments and which are not specifically defined herein shall have the respective meanings stated in Schedule 1 or such instruments.

B. The Owner is on the date hereof acquiring the Vessels from the Subordinated Lender.

C. The Owner has duly executed and delivered its 16% Senior Promissory Note due January 1, 1994 (herein as at any time modified, amended or supplemented called the Senior Note) dated the date hereof to the Senior Lender in the original principal amount of \$10,000,000 and in the form attached hereto as Exhibit A.

D. The Owner has chartered the Vessels to the Charterer pursuant to the Charter.

NOW, THEREFORE, in consideration of the premises, of the mutual covenants herein contained, and of other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and in order to create a present security interest in the Senior Lender for the Senior Note and the other obligations to the Senior Lender referred to herein:

GRANTING CLAUSE

The Owner does hereby grant, sell, convey, assign, transfer, mortgage, pledge, set over and confirm unto the Senior Lender continuing security interests in all of its right, title and interest in, to and under the following:

I. The Charter, including all moneys due and to become due to the Owner thereunder.

II. The Clinton Point Agreement.

III. The NYTR Guarantee.

IV. The Lone Star Guarantee.

V. The Vessels, together with all of their engines, boilers, machinery, masts, boats, anchors, capstans, outfit, tools, pumps, pumping and other equipment and all other appurtenances now or at any time hereafter appertaining or belonging thereto and whether on board or not on board, and also any and all additions, improvements and replacements hereafter made in or to the said Vessels or their appurtenances as aforesaid.

VI. The Bill of Sale.

VII. All charters (other than the Charter), leases or contracts of affreightment covering the Vessels, including all moneys due or to become due thereunder.

VIII. All proceeds of the foregoing, including without limitation in the case of the Vessels all casualty insurance proceeds and requisition payments.

The Senior Lender shall have as further security with respect to any and all Vessels that are or may hereafter be documented under the laws of the United States:

IX. The Senior Mortgage.

The right, title and interest of the Senior Lender described in paragraphs I through IX are herein collectively called the "Senior Loan Security".

Irrespective of the foregoing, (1) the Owner shall remain liable to perform whatever obligations it may have under the Charter and the above-mentioned other contracts, (2) the Senior Lender shall not, by virtue of this Senior Security Agreement, have any obligations under the Charter (other than as expressly provided herein) or the above-mentioned other contracts, or be required to make any payment owing by the Owner thereunder, (3) subject to Section 2.16 hereof, except during any period after each other Participant shall have received written notice from the Senior Lender as to the existence of a Senior Loan Event of Default and until the Senior Lender shall have notified in writing such persons that all Senior Loan Events of Default have been cured or waived, the Owner shall be entitled to exercise all of its rights under the Charter (provided that the Owner shall not be permitted to terminate the Charter or exercise its rights under Section 16(d) of the Charter without the prior written consent of the Senior Lender) and said other contracts, and to receive all of the benefits accruing to it thereunder as if the foregoing were not applicable, and (4) subject to Section 3.3 hereof, the Owner shall have the right at all times to make

any claim or institute any action to enforce payment in full of amounts due to the Owner under the Charter in any instance where the Charterer or the Owner has paid an amount sufficient to cover the principal and interest then due on the Senior Note but the Charterer has paid less than the total amount due as Basic Hire or Supplemental Hire, or any other amount otherwise due and payable by the Charterer under the Charter.

The Owner hereby agrees with the Senior Lender that the Senior Loan Security is to be held by the Senior Lender subject to the further agreements and conditions herein set forth.

ARTICLE I

DEFINITIONS

Section 1.1. Definitions, etc.

For all purposes of this Senior Security Agreement, unless otherwise expressly provided or unless the context requires:

(1) All references herein to Articles, Sections or other subdivisions, unless otherwise specified, refer to the corresponding Articles, Sections and other subdivisions of this Senior Security Agreement;

(2) The terms "hereof", "herein", "hereby", "hereto", "hereunder" and "herewith" refer to this Senior Security Agreement;

(3) The terms defined in Schedule 1 hereto or by reference therein to other instruments and which are not specifically defined herein shall have the respective meanings stated in Schedule 1 or such instruments.

ARTICLE II

REPRESENTATIONS AND AGREEMENTS OF THE OWNER

The Owner hereby represents and agrees, so long as this Senior Security Agreement shall not have been discharged, as follows:

Section 2.1. Concerning the Charter. The Owner shall duly perform all of the terms of the Charter binding on the Owner.

Section 2.2. Financial Statements. The Owner shall furnish

to the Senior Lender:

(a) within 120 days after the end of each fiscal year of the Owner, a copy of the unaudited annual financial statements (consisting of at least a balance sheet and related statements of income, retained earning and changes in financial condition) of the Owner prepared in conformity with generally accepted accounting principles; and

(b) such other information concerning the Owner's financial condition or operations as the Senior Lender shall reasonably request from time to time.

Section 2.3. Payment of Obligations. The Owner shall pay and discharge, when due, all of its indebtedness and obligations, except (i) any obligations being contested in good faith, (ii) the indebtedness secured by the Subordinated Security Agreement, (iii) to the extent that the Owner possesses a valid right of setoff, or (iv) so long as the Charter is in force, any obligations which the Charterer is obligated to perform under the Charter.

Section 2.4. Certain Negative Covenants. The Owner shall not, unless permitted by the Charter:

(a) Create, incur, assume, suffer to exist, or guarantee or otherwise in any manner become directly or contingently liable for, any indebtedness or obligations (i) for borrowed money (other than the Owner's obligations under the Senior Note and the Subordinated Note), (ii) for the deferred purchase price of property or (iii) under leases or charters which should be recorded as capital leases in accordance with generally accepted accounting principles; provided, however, that the Owner may (A) incur, assume or suffer to exist indebtedness subordinated (upon terms satisfactory to the Senior Lender) to all of the obligations of the Owner under the Senior Note and the Senior Security Agreement, (B) endorse negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, and (C) enter into a tax sharing agreement with LFC under which the obligations of the Owner are subordinated to its obligations to the Senior Lender.

(b) Create, incur, assume or suffer to exist any Lien upon or with respect to any of its assets or properties of any kind except (i) Liens in favor of the Senior Lender, (ii) the Liens created by the Subordinated Security Agreement and Subordinated Mortgage as originally executed (or, in the case of the Subordinated Mortgage, as supplemented to cover additional Vessels), and (iii) in the case of the Vessels, Liens, expressly permitted by the terms of Section 2.5(c) hereof.

(c) Acquire any capital stock, assets or obligations of any corporate or other entity or make any capital expenditures except capital expenditures in connection with the Vessels.

(d) Engage in any business or transaction of any kind other than in connection with the ownership, chartering and operation of the Vessels.

(e) Enter into any merger or consolidation, or sell, lease or otherwise transfer all or a substantial portion of its assets except as expressly permitted by the terms of Section 2.5 hereof.

Section 2.5. The Vessels.

(a) Sale, Mortgage, Charter or Transfer of the Vessels. The Owner shall not, without the prior written consent of the Senior Lender, sell, mortgage, demise charter, time charter or otherwise transfer any Vessel, except that the following transfers are expressly permitted without such consent: (A) the Charter, (B) takings or requisitions of the title or use of a Vessel by any government or governmental body, (C) sales permitted by Article VI, (D) the Senior Security Agreement and Senior Mortgage, or (E) the Subordinated Security Agreement and the Subordinated Mortgage as originally executed (or, in the case of the Subordinated Mortgage, as supplemented to cover additional Vessels).

(b) Taxes and Governmental Charges. The Owner shall pay and discharge, or cause to be paid and discharged on or before the date the same shall become delinquent, all taxes, assessments, government charges, fines and penalties lawfully imposed upon any Vessel unless the same are being contested in good faith.

(c) Liens on the Vessels. The Owner agrees that it will not directly or indirectly create, incur, assume or suffer to exist any Liens on or with respect to any Vessel, the Owner's title thereto or any interest therein (and the Owner shall promptly take such action as may be necessary duly to discharge any such Lien), except the following: (i) the respective rights of the Participants under the Basic Documents, (ii) Liens for Impositions that are not yet past due, (iii) maritime Liens for current crew's, stevedore's or master's wages that are not yet past due, (iv) maritime Liens with respect to obligations incident to the maintenance, repair and alteration of the Vessels that are not yet past due, (v) maritime Liens with respect to other obligations incident to the current operation of the Vessels that either are not yet past due or (if subordinate to

the Liens of the Security Agreements and Mortgages) have been due and payable for a period of less than 60 days, (vi) any Liens being contested in good faith and by appropriate proceedings, so long as, in the reasonable opinion of the Senior Lender, there is no material risk of any sale, forfeiture or loss of any Vessel, and (vii) subcharters permitted under Section 2.5(a) hereof. Neither the Owner, any charterer, the master of any Vessel, or any other Person has or shall have any right, power or authority, without the prior written consent of the Senior Lender, to create, incur or permit to be placed or imposed on any Vessel any Lien whatsoever, other than liens permitted by the preceding sentence.

(d) Material Changes in the Vessels. The Owner shall not make, or give its consent to anyone to make, any material change in the structure, means of propulsion, type or speed of any Vessel, unless it shall have received the Senior Lender's prior written consent thereto.

Section 2.6. Insurance.

(a) The Owner shall cause to be carried and maintained casualty insurance and liability insurance with respect to each Vessel with responsible insurance companies, in each case in such forms, against such risks and in such amounts as are customarily insured against with respect to vessels of similar size, design, class and age used in the transportation of Aggregate by responsible owners, charterers and operators of such vessels similarly situated as the Charterer. In no event shall the amount of casualty insurance coverage at any time be less than the aggregate Casualty Values of all Vessels as of the next Loss Payment Date. Each policy with respect to such insurance shall (i) name the Charterer (so long as the Charter shall be in force), the Owner, the Senior Lender and the Subordinated Lender as insureds and (in the case of casualty insurance coverage) as loss payees, as their respective interests may appear, (ii) include an effective waiver by the insurer of all claims against each insured (other than the Charterer or, if the Charter has been terminated, the Owner) for premiums, commissions and assessments, (iii) provide that each insured (other than the Charterer or, if the Charter has been terminated, the Owner) shall be insured notwithstanding any breach of any condition or warranty or any other act by the Charterer, the Owner, or any other person, (iv) provide that such insurance shall be primary insurance and shall be payable without right of contribution from any other insurance coverage, (v) provide that no cancellation or material change shall be effective as to any insured (other than the Charterer or, if the Charter has been terminated, the Owner) until at least 15 days after the receipt by such insured of written notice thereof, and (vi) waive any right of subrogation

against any insured (other than the Charterer or, if the Charter has been terminated, the Owner).

(b) Notwithstanding any other provision of Section 2.6(a) hereof, all proceeds of any casualty insurance in excess of \$150,000 shall be paid over (i) to the Senior Lender (if the Senior Security Agreement has not been discharged), or to the Subordinated Lender (if the Senior Security Agreement has been discharged but the Subordinated Security Agreement has not been discharged), or to the Owner (if both of the Security Agreements have been discharged), in each case for application to the payment of Casualty Value in the case of an Event of Loss with respect to any Vessel (and the Owner hereby appoints the Senior Lender or the Subordinated Lender, as the case may be, its attorney in fact for the purpose of asking, requiring, demanding, receiving, compounding and giving acquittance for any and all such casualty insurance proceeds), and any balance remaining after payment in full of such Casualty Value shall be remitted to the Charterer if no Charter Event of Default shall have occurred and be continuing, or, (ii) so long as no Charter Event of Default shall have occurred and be continuing, to the reimbursement of the Charterer or, if the Charter has been terminated, the Owner for the cost of repairing and restoring any damaged Vessel as to which no Event of Loss shall have occurred. All proceeds of any casualty insurance equal to or below \$150,000 shall, so long as no Charter Event of Default shall have occurred and be continuing, be paid over to the Charterer or, if the Charter has been terminated, the Owner for application to the payment of Casualty Value or the cost of repairing and restoring any damaged Vessel, as the case may be, or, if the Charter has been terminated, so long as no Senior Loan Event of Default or Subordinated Loan Event of Default shall have occurred and be continuing, be paid over to the Owner for application to the payment of the cost of repairing any damaged Vessel. Each casualty insurance policy maintained pursuant to Section 2.6(a) hereof shall provide for payment as aforesaid.

(c) The Owner shall, on or before January 31 of each calendar year, furnish appropriate evidence of all insurance maintained hereunder to the Senior Lender.

(d) The Owner and the Charterer shall each have the right to maintain any casualty insurance on the Vessels in addition to the insurance required to be maintained pursuant to the preceding provisions of this Section 2.6 for the purpose of protecting the Fair Market Sales Value of the Vessels net of the value of the charter interest created by the Charter (in the case of the Owner) or of protecting the value of the charter interest created by the Charter (in the case of the Charterer), provided that such additional casualty insurance would not in any way

impair any insurance so required to be maintained.

Section 2.7. Inspection of the Vessels; Examination of Owner's Records. The Owner will (i) permit, and will require the Charterer to permit, the Senior Lender to have access to the Vessels, their cargoes and papers for the purpose of inspecting the same, subject to the restrictions set forth in Section 11(h) of the Charter; and (ii) at reasonable times permit the Senior Lender, upon request, to make reasonable, material and pertinent examination and audit of the books, records and accounts of the Owner, and to take information therefrom and make transcripts or copies thereof; but, in each instance, only to the extent the Senior Lender may reasonably deem necessary or appropriate in connection with the agreements of the Owner hereunder.

Section 2.8. Events of Loss. Upon the occurrence of an Event of Loss with respect to any Vessel--

(1) The Owner shall give written notice thereof to the Senior Lender promptly after it receives notice of the Event of Loss;

(2) On the Loss Payment Date next following such Event of Loss, the Owner shall

(i) prepay a principal amount of the Senior Note equal to the product of the total principal amount of the Senior Note then outstanding (after giving effect to any regular principal payment made on the Senior Note on such Loss Payment Date) times the Applicable Fraction on such Loss Payment Date for such Vessel;

(ii) pay the accrued and unpaid interest, if any, on the amount of principal prepaid; and

(iii) pay to the Senior Lender, from Casualty Value proceeds received from the Charterer or any insurance policy maintained by the Owner or Charterer, an amount equal to 5% of the Discounted Estimated Residual Value of such Vessel, but only after the Owner has received its share of Casualty Value exclusive of Discounted Estimated Residual Value.

(3) The Owner shall promptly pay any and all amounts it may receive in connection with such Event of Loss to the Senior Lender up to the amount payable pursuant to the foregoing subparagraph (2);

(4) All amounts which are received by the Senior Lender in connection with an Event of Loss (whether from the Owner, from an insurer or a government or governmental body, from the Charterer or otherwise), up to the amount payable pursuant to the foregoing subparagraph (2), shall be retained by the Senior Lender and applied to the payment of the amount payable pursuant to the foregoing subparagraph (2);

(5) If there is no existing Senior Loan Default, all other amounts received by the Senior Lender with respect to such Event of Loss shall be promptly remitted to the Subordinated Lender for application pursuant to Section 2.8 of the Subordinated Security Agreement or, if the Subordinated Security Agreement has been discharged, returned to the Owner or, if there is an existing Senior Loan Default, such amounts shall be applied as provided in Section 3.5 hereof; and

(6) Following payment of the amounts required to be paid pursuant to subclauses (i) and (ii) of clause (2) above, all installments of the principal of and interest on the Senior Note required to be paid on each subsequent January 1 or July 1 shall be reduced ratably in accordance with the reduction in the principal amount of the Senior Note resulting from the prepayment pursuant to the said subclause (i), and Schedule X to the Senior Note shall be deemed to have been amended accordingly.

Section 2.9. Compliance with Ship Mortgage Act. The Owner is, and shall at all times continue to be, a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended, qualified to operate the Vessels in the coastwise trade. The Owner shall comply with and satisfy or cause to be complied with and satisfied all of the provisions of the Ship Mortgage Act, 1920, as amended, in order to establish, within a reasonable time after the execution and delivery of the Senior Mortgage and each supplement thereto, and thereafter to maintain, the Senior Mortgage as supplemented as a preferred mortgage thereunder upon each Documented Vessel.

Section 2.10. Notice of Mortgage. The Owner shall carry or cause to be carried with the ship's papers on each of the Vessels subject to the Senior Mortgage, except unmanned vessels as to which a certified copy will be kept with the ship's papers, a properly certified copy of the Senior Mortgage and all supplements thereto; and will cause the master or other person in charge of each such Vessel to exhibit, on demand, the said copy of the Senior Mortgage and all supplements thereto to any Person

having business with the Vessel or to the representative of the Senior Lender. The Owner represents that the Charterer has agreed in the Charter that, within 120 days after the Purchase Date, the Charterer shall permanently affix to each of the Vessels in a prominent location a durable metal plate bearing a permanent notice in plain type of such size that the paragraph of reading matter shall cover a space not less than six inches wide by nine inches high, which notice shall read as set forth below.

(i) In the case of any Vessel that is subject to the Mortgages, the notice shall read as follows:

"NOTICE OF FLEET MORTGAGES AND CHARTER

"This Vessel is owned by Olive Leasing Corporation; is covered by a First Preferred Fleet Mortgage in favor of Citicorp Industrial Credit, Inc. under authority of the Ship Mortgage Act, 1920, as amended; is covered by a Second Preferred Fleet Mortgage in favor of NYTR Transportation Corp. under authority of said Act; and is under bareboat charter to said NYTR Transportation Corp. No person has any right to create or permit to be placed upon this Vessel any lien whatsoever other than liens for wages of a stevedore and the crew in respect of this Vessel under certain conditions, for general average or for salvage, or certain liens subordinate to said fleet mortgages incident to current operations or for maintenance or repairs."

(ii) In the case of any Vessel that is not subject to the Mortgages, the notice shall read as follows:

"NOTICE OF SECURITY INTERESTS AND CHARTER

"This Vessel is owned by Olive Leasing Corporation; is subject to a senior security interest in favor of Citicorp Industrial Credit, Inc.; is subject to a subordinate security interest in favor of NYTR Transportation Corp.; and is under bareboat charter to said NYTR Transportation Corp. No person has any right to create or permit to be placed upon this Vessel any lien whatsoever other than liens for wages of a stevedore and the crew in respect of this Vessel under certain conditions, for general average or for salvage, or certain liens subordinate to said security interests incident to current operations or for maintenance or repairs."

Within 120 days after a Vessel becomes subject to either of the Mortgages or after the termination of either of the mortgages referred to in the aforementioned notices, said notice will be appropriately revised.

Section 2.11. Payment of Principal of and Interest on the Senior Note. The Owner shall duly and punctually pay the principal of and interest on the Senior Note, when the same shall become due and payable, whether by reason of maturity, acceleration or otherwise, in accordance with the terms of the Senior Note.

Section 2.12. Performance of Owner's Agreements by the Senior Lender. If the Owner shall fail to perform any of its agreements hereunder or under the Senior Mortgage, or if the Charterer shall fail to perform any of its agreements under the Charter, the Senior Lender may, in its discretion, at any time during the continuance of a Senior Loan Default, do all acts and make all necessary expenditures to remedy such failure. Notwithstanding the foregoing, the Senior Lender shall not be obligated to (and shall not be liable for its failure to) do such acts and make such expenditures.

All funds advanced and expenses and damages incurred by the Senior Lender in connection with any such compliance, together with interest thereon at the Overdue Rate, shall constitute a debt due from the Owner to the Senior Lender and shall be secured hereunder and under the Senior Mortgage and shall be repaid by the Owner upon demand.

Section 2.13. Uniform Commercial Code Filings; Further Assurances. The Owner shall (i) furnish evidence satisfactory to the Senior Lender that financing statements under the Uniform Commercial Code shall have been filed listing the Owner as debtor in all offices in which it may be necessary or advisable in the opinion of the Senior Lender to perfect its security interest, and (ii) from time to time execute and deliver such further instruments and take such action as may reasonably be required by the Senior Lender to more effectively subject the Senior Loan Security to the lien of this Senior Security Agreement and the Senior Mortgage as contemplated hereby.

Section 2.14. Corporate Existence. The Owner shall preserve and maintain its separate corporate existence and all rights, privileges and franchises in connection therewith and shall maintain its corporate existence, rights and privileges in the jurisdiction of its incorporation, and qualify and remain qualified as a foreign corporation in each jurisdiction in which such qualification is necessary or desirable and shall comply with all material laws and regulations applicable to it.

Section 2.15. Use and Maintenance; Alterations; Identifying Marks; Inspection. During the term of an Owner Requisition pursuant to Section 16 of the Charter and after termination of the Charter:

(a) The Owner shall use, operate, maintain and repair the Vessels (or cause the Vessels to be used, operated, maintained and repaired) in accordance with good commercial practices in the Aggregate river scow shipping industry, and in compliance with (i) any and all laws, ordinances, rules, regulations or orders of any governmental authority or court applicable to the use, operation, maintenance or repair of the Vessels (provided that the Owner shall not be required to comply with any such laws, ordinances, rules, regulations or orders so long as it is contesting the validity, application or interpretation thereof in good faith and by appropriate proceedings, and so long as, in the reasonable opinion of the Senior Lender, there is no material risk of any sale, forfeiture or loss of any Vessels or of any material criminal or civil penalty) and (ii) the applicable provisions of the insurance policies required to be maintained under this Senior Security Agreement.

(b) The Owner at its expense shall at all times maintain or cause to be maintained the Vessels in accordance with good commercial practices generally employed in the Aggregate river scow shipping industry, so that the Vessels shall be, insofar as due diligence can make them so, tight, staunch, strong and well and sufficiently tacked, apparelled, furnished, equipped and in every respect seaworthy and in good operating condition, subject to such ordinary wear and tear as might reasonably be expected for river scows of similar size, design, class and age engaged in the transportation of Aggregate. The Vessels shall be repaired, overhauled, dry-docked, cleaned and painted whenever necessary to maintain the Vessels in accordance with this Section 2.15(b).

(c) Except as required pursuant to Section 2.15(d) hereof, the Owner shall not, without the prior written consent of the Senior Lender, alter or modify any Vessel in any way which could impair its originally intended function, use, capacity or value, nor connect, affix or install any equipment, accessory or device to or on any Vessel which is not readily removable without damaging the Vessel or which could impair the originally intended function, use, capacity or value of any Vessel.

(d) Notwithstanding any prohibitions of Section 2.15(c) hereof, the Owner shall make or cause to be made all alterations and modifications to the Vessels and shall connect, affix and install or cause to be corrected, affixed or installed any equipment, accessory or device to or on the Vessels that may be required in order to comply with any and all laws, ordinances, rules, regulations or orders of any governmental authority or court (provided that the Owner shall not be required to comply with any such laws, ordinances, rules, regulations or orders so long as it is contesting the validity, application or interpretation thereof in good faith and by appropriate

proceedings, so long as, in the reasonable opinion of the Senior Lender, there is no material risk of any sale, forfeiture or loss of any Vessel or of any material criminal or civil penalty).

(e) During the term of the Charter, other than during the term of an Owner Requisition, the Owner shall direct the Charterer to comply with the terms of Section 11 of the Charter and if the Charterer does not comply with the terms of Section 11 of the Charter, the Owner shall comply with the provisions of this Section 2.15.

Section 2.16. Charter Payments

(a) The Owner hereby agrees to execute and deliver to the Charterer irrevocable instructions to make all payments of Basic Hire and Supplemental Hire directly to the Senior Lender's account with Citibank, N.A., 399 Park Avenue, New York, New York, account number 30764992, or to such other account as the Senior Lender may from time to time direct by written notice to the Owner. If there is no existing Senior Loan Event of Default, the Senior Lender shall promptly apply all amounts it receives in satisfaction of the amounts then due and payable under this Senior Security Agreement and disburse the remainder of such amounts to or as directed by the Owner. The Senior Lender shall pay to the Owner interest at the rate of 16% per annum on any amounts to be disbursed to Owner which are not so disbursed within one Business Day of their receipt by the Senior Lender. Such interest shall accrue from and including the first Business Day after they were received by the Senior Lender to but excluding the day they are disbursed.

Section 2.17. Performance by Charterer. To the extent that any obligation of the Owner contained in this Senior Security Agreement is capable of being satisfied and fulfilled by the Charterer, the performance of such obligation by the Charterer shall be accepted by the Senior Lender and shall to the extent of such performance be deemed to satisfy and fulfill such obligations of the Owner.

Section 2.18. Owner Note Purchase.

(a) The Owner or any Affiliate of the Owner may, subject to the provisions hereinafter set forth, purchase the Senior Note from the Senior Lender for a purchase price equal to the sum of (i) the entire unpaid principal amount of the Senior Note, together with accrued and unpaid interest, if any, on such amount to the date of such purchase, plus (ii) an amount equal to 5% of the Discounted Estimate Residual Value of all Vessels then subject to the Lien of the Senior Security Agreement.

(b) Notwithstanding the provisions of Section 2.18(a) above, the Senior Lender shall not be entitled to the payment set forth in clause (ii) of Section 2.18(a) hereof if Hire payments received from the Charterer on any Senior Note payment date are insufficient to make payment of the Senior Note installment then due and the Owner shall have cured said payment within the time provided in Section 3.3(b) or (c) hereof and a subsequent cure as provided in Section 3.3(d) hereof shall not have occurred.

(c) The Owner or any Affiliate of the Owner shall be entitled to purchase the Note as herein provided (i) in the event that a Charter Event of Default has occurred and is continuing and the Senior Lender has commenced exercising its remedies or (ii) a cure payment as provided in Section 3.3(b) or (c) hereof has been made.

Section 2.19. No Prepayment Except as Expressly Provided. Except as expressly provided in this Senior Security Agreement, the Owner shall have no obligation or right to prepay the Senior Note or any portion thereof.

ARTICLE III

DEFAULTS AND REMEDIES

Section 3.1. What Constitutes a "Senior Loan Event of Default". Each of the following events shall constitute a "Senior Loan Event of Default" within the meaning of this Section.

(a) Default, continued for 5 Business Days after receipt by the Owner of written notice thereof, in the payment of the whole or any part of the principal interest or prepayment premium, if any, on the Senior Note or any other amounts secured by this Senior Security Agreement when the same shall become due and payable, whether at maturity, by acceleration or otherwise.

(b) Default by the Owner, continued for 30 days after receipt of written notice thereof, by certified or registered mail to the Owner and the Charterer from the Senior Lender, in the due and punctual observance of any other agreement in any of the Basic Documents to which the Owner is a party, provided that no such default shall be deemed to be continuing if the Owner is proceeding diligently to cure such default;

(c) Any representation or warranty of the Owner contained in any of the Basic Documents, or in any document or certificate furnished to the Senior Lender pursuant to any provision of, or in connection with the transactions contemplated by, any of the Basic Documents shall prove to have been incorrect or misleading

in any material respect as of the date on which made;

(d) The Owner shall be dissolved or shall, by a court of competent jurisdiction, be adjudged a bankrupt or shall make a general assignment for the benefit of its creditors; or a petition for reorganization of the Owner under the Bankruptcy Code shall be filed by the Owner, or such petition shall be filed by creditors and the same shall be approved by a court of competent jurisdiction; or a reorganization of the Owner under the Bankruptcy Code shall be approved by such a court, whether proposed by a creditor, a stockholder or any other person whomsoever; or a receiver or receivers of any kind whatsoever, whether appointed in admiralty, bankruptcy, common law or equity proceedings, shall be appointed, by a decree of a court of competent jurisdiction, with respect to the Vessels or all or substantially all of the property of the Owner, and such decree shall have continued unstayed, on appeal or otherwise, and in effect for a period of 60 days; or

(e) A Charter Event of Default shall have occurred and be continuing.

Section 3.2. Acceleration of Maturity of Senior Note.
Subject to the provisions of Section 3.3 hereof, the Senior Lender may, by giving written notice to the Owner, declare the principal of the Senior Note and interest accrued thereon to be immediately due and payable at any time after a Senior Loan Event of Default shall have occurred and while such Senior Loan Event of Default shall be continuing. Thereupon the principal of and accrued interest on the Senior Note shall become immediately due and payable.

Section 3.3. Waivers of Default; Certain Payments and Actions by the Owner to Cure Defaults.

(a) The Senior Lender, in its sole discretion, may waive any Senior Loan Event of Default or Senior Loan Default. No waiver under of this Section 3.3(a) shall extend to or affect any subsequent or other Senior Loan Event of Default or Senior Loan Default, nor impair any rights or remedies consequent thereon.

(b) In the event that as a result of the occurrence of a Charter Event of Default involving any payment of Hire being overdue, the Senior Lender shall have received insufficient funds to pay any amount referred to in Section 3.1(a) hereof, the Owner may pay to the Senior Lender, prior to the expiration of the grace period provided for in Section 3.1(a) hereof, an amount equal to such insufficiency together with interest thereon at the Overdue Rate for the period for which such amounts were

overdue. Subject to Section 3.3(d) hereof, such payment by the Owner shall be deemed to cure any Senior Loan Event of Default which would otherwise have arisen from such Charter Event of Default. Upon such payment by it, the Owner shall be subrogated to the rights of the Senior Lender in respect of such overdue payment of Hire and payment of interest on account of its being overdue, and therefore, shall, if no other Charter Event of Default or Senior Loan Events of Default shall have occurred and be continuing and if all principal and interest payments due on the Senior Note at the time of receipt by the Senior Lender of such overdue payment of Hire have been paid, be entitled to receive such overdue Hire and such interest upon receipt thereof by the Senior Lender; provided that in the event that the principal of and accrued interest on the Senior Note shall have been declared to be immediately due and payable pursuant to Section 3.2 such subrogation shall, until the principal of and interest on the Senior Note shall have been paid in full, be subordinate to the rights of the Senior Lender in respect of such payment of Hire and such interest prior to receipt by the Owner of any amount pursuant to such subrogation.

(c) In the event that, even though all Hire required to be paid under the Charter has been paid, the Senior Lender shall have received insufficient funds to pay any amount referred to in Section 3.1(a) hereof, the Owner may pay to the Senior Lender, prior to the expiration of the grace period provided for in Section 3.1(a) hereof, an amount equal to such insufficiency together with interest thereon at the Overdue Rate for the period for which such amounts were overdue. Subject to Section 3.3(d) hereof, any such payment by the Owner shall be deemed to cure such Senior Loan Event of Default.

(d) The Owner shall have an absolute right to exercise its rights to cure under paragraph (b) or (c) of this Section 3.3 one time. Thereafter, the Owner shall have the right to cure only if and so long as it is diligently exercising its rights under Section 16 of the Charter relating to Owner Requisition and is diligently exercising its rights under the Clinton Point Agreement which results in the shipment of Aggregate.

(e) If the Owner exercises its rights under paragraph (b) or (c) of this Section 3.3, it shall have the right to prepay, without premium or penalty, the Senior Note together with all interest and other amounts due thereunder and hereunder. Such right must be exercised prior to the next succeeding interest and principal payment date under the Senior Note.

(f) If a Charter Event of Default has occurred and is continuing and the Senior Lender has commenced exercising its remedies, the Owner shall have the right to prepay, without

premium or penalty, the Senior Note together with all interest and other amounts due thereunder and hereunder.

Section 3.4. Remedies After Default. (a) Subject to the provisions of Section 3.3 hereof, at any time after a Senior Loan Event of Default shall have occurred and be continuing, the Senior Lender shall have the right to --

(1) Take the Vessels without legal process wherever the same may be (and the Owner or other person in possession shall forthwith surrender possession of the Vessels to the Senior Lender upon demand) and hold, lay up, lease, charter, operate or otherwise use the Vessels for such time and upon such terms as it may reasonably deem to be for the best advantage of the Senior Lender, accounting only for the net profits, if any, arising from such use of the Vessels and charging against all receipts from the use of the Vessels all reasonable charges and expenses in connection with such use of the Vessels;

(2) Exercise all the rights and remedies in foreclosure and otherwise given to mortgagees by the Ship Mortgage Act, 1920, as amended;

(3) Bring suit at law, in equity or in admiralty to recover judgment for any and all amounts due under the Senior Note, this Senior Security Agreement and the Senior Mortgage, collect the same out of any and all property of the Owner, whether or not the same is subject to the lien of this Senior Security Agreement or the Senior Mortgage, and in connection therewith obtain a decree ordering the sale of the Vessels in accordance with the following subparagraph (5);

(4) Have a receiver of the Vessels appointed as a matter of right in any suit under this Section (and any such receiver may have the rights of the Senior Lender under the following subparagraph (5));

(5) Sell the Vessels, free from any claim of the Owner, by public sale with sealed bids, held at such time and place and in such manner as the Senior Lender may reasonably deem advisable, after first publishing notice of the time and place of such sale for 10 consecutive Business Days in the Authorized Newspapers, and mailing a copy of such notice by registered or certified mail to the Owner and the Charterer at their last known addresses, the first such publication and mailing to be made at least 30 days prior to the date

fixed for such sale; provided, that such sale may be adjourned from time to time without further publication or notice (other than announcement of the time and place appointed to such sale or adjourned sale). It shall not be necessary to bring the Vessels to the place appointed for such sale or adjourned sale;

(6) Accept a conveyance of title to, and take without legal process (and the Owner or other Person in possession shall forthwith surrender possession to the Senior Lender), the whole or any part of the Vessels and the Senior Loan Security wherever the same may be, and take possession of and hold the same;

(7) In its discretion, to the extent not in express conflict with this Section 3.4, take any and all action provided for or authorized or permitted by or in respect of the Senior Note, this Senior Security Agreement, the Vessels and the other Senior Loan Security (said documents, funds and assets being herein called the "Increased Senior Loan Security"), including all action provided for in or authorized or permitted by or in respect of the Increased Senior Loan Security;

(8) Receive, in the event of an actual or constructive total loss or an agreed or comprised total loss or a requisition of title to or use of the Vessels, all insurance or other payments therefor to which the Owner would otherwise be entitled, such insurance monies to be applied by the Senior Lender in accordance with the interest of the Senior Lender as provided in Section 4.1 and, if any balance remains, in accordance with the interest of the Owner as provided in Section 4.2; and

(9) Pursue to final collection all claims arising under, and to collect such claims from, the Senior Loan Increased Security;

provided that the Senior Lender shall not exercise the remedies set forth in clause (2) or (5) above if a Senior Loan Event of Default referred to in Section 3.1(e) hereof shall have occurred and be continuing unless the Charter has theretofore been terminated.

either
directly or
indirectly

(b) The Owner hereby irrevocably appoints the Senior Lender the true and lawful attorney of the Owner, in its name and stead, to make all necessary transfers of the whole or any part of the Increased Senior Loan Security in connection with a sale or other disposition pursuant to paragraph (a) of this Section, and for that purpose to execute all necessary instruments of

assignment and transfer. Nevertheless, the Owner shall, if so requested by the Senior Lender in writing, ratify and confirm such sale by executing and delivering to any purchaser of the whole or any part of the Increased Senior Loan Security such proper bill of sale, conveyance, instrument of transfer or release as may be designated in such request.

(c) No remedy shall be exclusive of any other remedy, and each and every remedy shall be cumulative and in addition to any other remedy.

(d) No delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of any Senior Loan Event of Default.

(e) The exercise of any right or remedy shall not constitute an election of remedies by the Senior Lender.

(f) If the Senior Lender discontinues any proceeding, the rights and remedies of the Senior Lender and of the Owner shall be as though no such proceeding had been taken.

Section 3.5. Application of Proceeds. (1) The proceeds (from sale or otherwise) of the whole or any part of the Increased Senior Loan Security and use thereof by the Senior Lender under any of the foregoing powers, (2) the proceeds of any judgment collected by the Senior Lender for any Senior Loan Default, (3) the proceeds of any insurance and of any claim for damages to the whole or any part of the Increased Senior Loan Security received by the Senior Lender while exercising any such power; and (4) all other amounts received by the Senior Lender, including any other amounts which are required to be applied as provided in this Section, shall be applied by the Senior Lender as follows:

First--to the payment of all advances by the Senior Lender pursuant to this Senior Security Agreement and all reasonable charges and expenses of the Senior Lender;

Second--to the payment of all sums of money (other than amounts referred to in clauses First above and Third and Fourth below) due and unpaid secured by the Senior Mortgage or this Senior Security Agreement;

Third--to the payment of the whole amount of the interest then due and unpaid upon the Senior Note;

Fourth--to the payment of the whole amount of the principal then due and unpaid upon the Senior Note;

Fifth--to the Owner for all amounts as to which the Subordinated Lender may have subordinated its rights to the rights of the Owner pursuant to Section 4.4 of the Subordinated Security Agreement; and

Sixth--any balance thereof remaining shall be paid to the Subordinated Lender for application pursuant to Section 3.5 of the Subordinated Security Agreement or, if the Subordinated Security Agreement shall have been discharged, to the Owner.

Section 3.6. General Powers of Senior Lender. (a) In the event that any Vessel shall be arrested or detained by a marshal or other officer of any court of law, equity or admiralty jurisdiction or by any government or other authority and shall not be released from arrest or detention within 15 days from the date of arrest or detention, the Owner hereby authorizes the Senior Lender, in the name of the Owner, to apply for and receive possession of and to take possession of the Vessel with all the rights and powers that the Owner might have, possess and exercise in any such event. This authorization is irrevocable.

(b) The Owner irrevocably authorizes the Senior Lender or its appointee (with full power of substitution) to appear in the name of the Owner in any court where a suit is pending against the whole or any part of the Increased Senior Loan Security because of or on account of any alleged lien or claim against the whole or any part of the Increased Senior Loan Security from which the whole or said part of the Increased Senior Loan Security has not been released.

(c) All reasonable expenses incurred pursuant to paragraph (a) or (b) of this Section shall constitute a debt due from the Owner to the Senior Lender and be repaid by the Owner upon demand. The Senior Lender shall not be obligated to (nor be liable for its failure to) take any action provided for in the foregoing paragraphs (a) and (b).

Section 3.7. Concerning the Charter. Notwithstanding any other provisions of this Article III, (i) nothing in this Senior Security Agreement shall affect the rights of the Charterer under the Charter so long as an event which constitutes a Charter Event of Default as defined in Section 17 of the Charter shall not have occurred and be continuing under the Charter, and (ii), so long as the Charter shall be in effect and no Charter Event of Default thereunder shall have occurred and be continuing, if the Senior Lender exercises any of the rights and remedies afforded it by this Senior Security Agreement, the Senior Mortgage or by law, such exercise shall be in such manner

as to permit the continued utilization and operation of the Vessels under the Charter with the minimum disruption of service except as otherwise expressly provided in Section 16 of the Charter; provided that (A) nothing in this Section 3.7 and none of the actions or omissions to act by the Senior Lender contemplated by this Section 3.7 shall be deemed a waiver by the Senior Lender of the preferred status of the Senior Mortgage nor of any of the benefits, privileges or provisions given by the Ship Mortgage Act, (B) no provision hereof shall constitute a waiver of such preferred status or any of such benefits, privileges or provisions, and (C) in the event that any provision of this Senior Security Agreement and the Senior Mortgage should be or should be held by a court of competent jurisdiction to be a waiver of or otherwise prejudicial to such preferred status, then in such event such provisions of this Senior Security Agreement and the Senior Mortgage should be and shall be deemed to be of no force and effect.

Section 3.8. Rescission of Payments. Notwithstanding any other provision of this Senior Security Agreement, or of the Senior Note, in the event that any payment to or on behalf of the Senior Lender of the principal of or interest due under the Senior Note, or any portion of any such payment, shall at any time be repaid by the Senior Lender in compliance with an order (whether or not final) of a court of competent jurisdiction pursuant to any provision of the Bankruptcy Code or any Federal law replacing or superseding such Code, or applicable state law, and regardless of whether there has been any previous Senior Loan Event of Default and any payment pursuant thereto, or whether the Senior Note shall theretofore have been acquired by the Owner or cancelled, or whether an instrument satisfying and discharging this Senior Security Agreement shall have been executed and delivered, (1) the Senior Note shall not be deemed to have been retired or paid and shall be deemed to be outstanding, (2) the return of such payment in whole or in part (but not the mere possibility that any such payment or portion thereof may be required to be returned, nor any prior demand, suit or proceeding for such return) in compliance with the order of such court shall constitute a default in payment of the Senior Note within the meaning of Section 3.1(a), which default shall be deemed to have occurred on the date of such repayment and which default, if continued for 30 days, will constitute a Senior Loan Event of Default, and (3) the Senior Lender shall be deemed for all purposes to be a holder of the Senior Note and entitled to enforce the Senior Note to the extent of such repayment and shall also be entitled to exercise all of the rights of the Senior Lender hereunder necessary for such enforcement.

ARTICLE IV

RIGHTS OF SENIOR LENDER AND OWNER

Section 4.1. The Interest of the Senior Lender. The interest of the Senior Lender in the Increased Senior Loan Security, and any cash, securities or other property (other than property purchased by the Senior Lender at foreclosure proceedings or other public sale and any payments or receipts from the requisition, sale, charter, operation or other use or disposition of any such property accrued after the time of acquisition of title at such proceedings or sale, all of which property, payments and receipts shall belong to and vest exclusively in the Senior Lender), which may at any time be collected, received, realized or held by or for the Senior Lender (or others) in respect thereof (including payments referred to in Section 3.4(a)(5)) shall be equal to, but not in excess of, an amount equal to the total of--

(1) the expenses (including administrative expenses but only so long as they are out-of-pocket administrative expenses) incurred and advances and disbursements made by the Senior Lender in the assertion, protection, pursuit and/or enforcement of the rights and remedies, or any of them, stated in Sections 3.4 and 3.6, and all other expenses (including administrative expenses but only so long as they are out-of-pocket administrative expenses) incurred and advances and disbursements made by the Senior Lender in connection with the Increased Senior Loan Security or otherwise (other than those incurred or made in respect of the purchase of the Vessels by the Senior Lender at foreclosure proceedings or other public sale, after the time of acquisition of title at such foreclosure proceedings or other public sale);

(2) an amount equal to the amount of the interest (and premium, if any) which is due and payable upon the Senior Note; and

(3) an amount equal to the amount of principal which is due and payable, or will become due and payable, upon the Senior Note;

after deducting therefrom all cash payments theretofore made to the Senior Lender on account of said items; and such interest shall be discharged and satisfied in full before discharging and satisfying any interest of the Owner.

Section 4.2. The Interest of the Owner. The interest of the Owner, including its interest for the purpose of asserting, protecting, pursuing or enforcing any or all of the rights in or under the Increased Senior Loan Security, and any cash, securities or other property (other than property purchased by the Senior Lender at foreclosure proceedings or other public sale, and any payments or receipts from the requisition, sale, charter, operation or other use or disposition of any such property accrued after the time of requisition of title at such proceedings or sale, all of which property, payment or receipts shall as stated above belong to and vest exclusively in the Senior Lender), which may at any time be collected, received, realized or held by or for the Senior Lender (or others) in respect thereof (including payments referred to in Section 3.4(a)(5)), shall except as otherwise provided herein be a residual interest after full discharge and satisfaction of the interest of the Senior Lender, as provided in Section 4.1, and the Senior Lender shall promptly pay or otherwise account therefor to the Owner.

Section 4.3. Certain Provisions of the Charter. The Senior Lender agrees, for the benefit of the Owner and the Charterer, to perform the covenants applicable to the Senior Lender set forth in Sections 12 and 13 of the Charter relating to the application of moneys received by the Senior Lender.

ARTICLE V

AMENDMENTS AND SUPPLEMENTS

Section 5.1. Amendments and Supplements to the Senior Security Agreement and Senior Mortgage. This Senior Security Agreement and the Senior Mortgage may not be amended or supplemented orally but may be amended or supplemented from time to time by an instrument in writing executed by the Owner and the Senior Lender.

Section 5.2. Waiver of Senior Security Agreement Provisions. The benefits to or rights of the Senior Lender under any provision of this Senior Security Agreement may be waived in writing by the Senior Lender either upon request by the Owner or in the Senior Lender's discretion.

Section 5.3. Amendments and Supplements to the Charter, etc. The Owner agrees that no amendments or supplements will be made to the Charter, the Clinton Point Agreement, the Subordinated Security Agreement or the Subordinated Mortgage without the prior written consent of the Senior Lender, and any purported action or attempt to take action forbidden to be taken by this Section 5.3 shall be null and void and of no force or

effect.

ARTICLE VI

SALE AND REDEPLOYMENT OF VESSELS AND MANDATORY PRE-PAYMENT UPON SALE

Section 6.1. Purchase of Vessels by Charterer.

Concurrently with any purchase by the Charterer of the Vessels pursuant to Section 19 of the Charter, the Owner shall prepay the entire unpaid principal amount of the Senior Note, together with the accrued and unpaid interest, if any, on such amount to the Reacquisition Date or the day of payment, plus (i) for purchases made pursuant to Section 19(a) and 19(b), an amount equal to 5% of all funds received after the Owner has been reimbursed for all costs and expenses incurred by the Owner in exercising its rights under Section 18(a) of the Charter and any cure payments made by the Owner under the Senior Note or the Subordinated Note when Hire payments were insufficient to service said Note, together with interest thereon at the rate of 16% per annum compounded semiannually, or (ii) for purchases made pursuant to Section 19(c), an amount equal to 5% of the Discounted Estimated Residual Value plus 5% of the amount, if any, by which the purchase price paid by Charterer pursuant to Section 19(c)(1) of the Charter exceeds the amount set forth in clause (ii) of said Section 19(c) as of the Reacquisition Date; plus the Senior Loan Prepayment Premium.

Section 6.2. Purchase or Deployment of Vessel. At the termination or expiration of the Charter, provided no Senior Loan Default shall have occurred and be continuing, net proceeds received by the Owner or the Senior Lender from the sale, lease, charter or use of the Vessels other than pursuant to the provisions of Section 16 or 18 of the Charter, shall be applied in the following order (i) to prepay the entire unpaid principal amount of the Senior Note together with accrued and unpaid interest, if any, on such amount to the date of repayment, (ii) to reimburse the Owner for all costs and expenses incurred by the Owner in exercising its rights under Section 18(a) of the Charter and any cure payments made by the Owner under the Senior Note or the Subordinated Note when Hire payments were insufficient to service said Note, together with interest thereon at the rate of 16% per annum compounded semiannually, (iii) to prepay the entire unpaid principal amount of the Subordinated Note together with accrued and unpaid interest, if any, on such amounts to the date of repayment, and (iv) 5% of all remaining funds shall be paid to the Senior Lender and the balance to the Owner.

Section 6.3. Sale During Requisition. During such period as the Owner is exercising its rights under Section 16 of the

Charter and so long as no Senior Loan Default shall have occurred and be continuing, the Senior Lender agrees that the Owner may exercise its remedies under Section 16(d) of the Charter, provided that the Senior Lender shall receive from proceeds of such sale an amount computed in accordance with Sections 2.8(2)(i) and (ii) hereof to be applied to the prepayment of the Senior Note.

Section 6.4. Sale of Vessels. (a) Nothing in this Senior Security Agreement or the Senior Mortgage shall prevent any sale of the Vessels to any other person lawfully entitled to acquire and operate the Vessels if (x) the Senior Lender shall have given its prior written consent to such sale and (y) the Person to which such sale shall have been made (herein called the "Successor") shall by instrument satisfactory in form and substance to the Senior Lender amending or supplementing this Senior Security Agreement and the Senior Mortgage, as may be necessary, expressly assume the payment of the unpaid principal of and interest (and premium, if any) on the Senior Note in accordance with the terms of the Senior Note and shall expressly assume the performance of the agreements of the Owner in the Participation Agreement, the Senior Note, this Senior Security Agreement and the Senior Mortgage.

(b) With the prior written consent of the Senior Lender, any such sale may be on such terms as to release the Owner upon such sale from all of its obligations under the Participation Agreement, the Senior Note, this Senior Security Agreement and the Senior Mortgage. In such event, the Senior Lender, if so requested shall execute and deliver such reasonable instruments as may be deemed by the Owner to be reasonably necessary or appropriate to give effect to and confirm such release.

(c) Upon any such sale, (i) the Successor shall succeed to and be substituted for the Owner with the same effect as if it had been named herein and (ii) the Senior Lender shall consent to the surrender of the document of the Vessels pursuant to Subsection O of the Ship Mortgage Act, 1920, as amended; provided that, concurrently with such surrender, the Vessels shall be redocumented under the laws of the United States and all endorsements necessary and proper to preserve the preferred status of the Senior Mortgage shall be made upon the new document of the Vessels when issued.

Section 6.5. Charterer's Purchase Option. Nothing in this Senior Security Agreement (including, without limitation, any of the provisions of Section 6.4 hereof), the Senior Mortgage or the Senior Note shall prevent the Owner from selling the Vessels pursuant to and in compliance with the provisions of Section 19

of the Charter.

ARTICLE VII

NOTICES

Section 7.1. Notices. Except as otherwise provided in this Senior Security Agreement, all notices, requests, demands, directions, consents, waivers, approvals or other communications (1) may be made or delivered in person or by mail, addressed to the particular party as provided below, or to such other address as such party (or its successor) may hereafter specify by written notice to the other parties (or their respective successors), and (2) shall be in writing so addressed and shall be effective upon receipt by the addressee thereof:

The Senior Lender: CITICORP INDUSTRIAL CREDIT, INC.
560 Sylvan Avenue
Englewood Cliffs, N.J. 07632
Attention: Vice President -
Area General Manager

The Owner: OLIVE LEASING CORPORATION
Three Radnor Corporate Center
Suite 400
100 Matsonford Road
Radnor, Pennsylvania 19087
Attention: President

with a copy to:

Lease Financing Corporation
Three Radnor Corporate Center
Suite 400
100 Matsonford Road
Radnor, Pennsylvania 19087
Attention: President

The Charterer: NYTR TRANSPORTATION CORP.
One Paragon Drive
P.O. Box 432
Montvale, New Jersey 07645
Attention: President

The Senior Lender shall send a copy of any notice given hereunder to each of the other Participants, but the Senior Lender shall not be liable for failure to send such copies to any of the parties listed herein.

Section 7.2. Waivers of Notice. In any case where notice by publication, mail or otherwise is provided for by this Senior Security Agreement, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be deemed the equivalent of such notice.

Section 7.3. Change of Name. The Owner shall not change its name or address without first notifying the Senior Lender of the new name and the change in address, if any.

ARTICLE VIII

DISCHARGE OF SENIOR SECURITY AGREEMENT AND THE SENIOR MORTGAGE

Section 8.1. Discharge of Senior Security Agreement and the Senior Mortgage. If the Senior Note shall have been satisfied and discharged and if the Owner shall pay or cause to be paid all other sums that may have become secured under this Senior Security Agreement and the Senior Mortgage, then this Senior Security Agreement, the Senior Mortgage and the liens, estate and rights and interest hereby and thereby granted shall cease, determine, and become null and void, and the Senior Lender, on request of the Owner and at the Owner's cost and expense, shall forthwith cause satisfaction and discharge of this Senior Security Agreement and the Senior Mortgage to be entered upon its and other appropriate records and shall execute and deliver to the Owner such instruments as may be necessary, duly acknowledging the satisfaction and discharge of this Senior Security Agreement and the Senior Mortgage, and forthwith the estate, right, title and interest of the Senior Lender in and to the Senior Loan Security, the Increased Senior Loan Security and any other securities, cash, and any other property held by it under this Senior Security Agreement and the Senior Mortgage shall thereupon cease, determine and become null and void, and the Senior Lender shall transfer, deliver and pay the same to the Owner.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Successors and Assigns. All the covenants, promises, stipulations and agreements of the Owner in this Senior Security Agreement shall bind the Owner and its successors and assigns and shall inure to the benefit of the Senior Lender and its successors and assigns, and all the covenants, promises, stipulations and agreement of the Senior Lender in this Senior Security Agreement shall bind the Senior Lender and its

successors and assigns and shall inure to the benefit of the Owner and its successors and assigns, whether so expressed or not. This Senior Security Agreement is for the sole benefit of the Owner, the Senior Lender and their respective successors and assigns, and no other Person shall (except as otherwise expressly provided herein) have any right hereunder.

Section 9.2. Execution in Counterparts. This Senior Security Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall together constitute but one and the same instrument.

Section 9.3. Rights of Owner in Absence of Default. Except during the existence of a Senior Loan Default (unless the Owner shall have failed to perform any of its agreements under Section 2.6 hereof, or the Charterer shall have failed to perform any of its agreements under the Charter and such failure shall be continuing at the time in question) the Owner (1) shall be suffered and permitted to retain actual possession and use of the Vessels and (2) shall have the right from time to time, in its discretion and without the consent of or release by the Senior Lender, to dispose of, free from the lien hereof and of the Senior Mortgage, any and all engines, boilers, machinery, masts, boats, anchors, cables, chains, rigging, tackle, apparel, furniture, capstans, outfit, tools, pumps, pumping and other equipment, and all other appurtenances to the Vessels, and also any and all additions, improvements and replacements in or to the Vessels or said appurtenances, after, except with the prior written consent of the Senior Lender, first or simultaneously replacing the same with items of at least substantially equal value.

Section 9.4. Surrender of Vessels' Documents. The Senior Lender shall consent to the surrender of the Vessels' documents in connection with any redocumentation of the Vessels required on account of alterations to the Vessels which are not prohibited by this Senior Security Agreement and by the Senior Mortgage, provided that concurrently with such surrender, the Vessels shall be redocumented under the laws of the United States and all endorsements necessary and proper to preserve the preferred status of the Senior Mortgage shall be made upon the new document of the Vessels when issued.

Section 9.5. No Waiver of Preferred Status. No provision of this Senior Security Agreement or of the Senior Mortgage shall be deemed to constitute a waiver by the Senior Lender of the preferred status of the Senior Mortgage given by Subsection M of the Ship Mortgage Act, 1920, as amended, and any provision of this Senior Security Agreement or of the Senior Mortgage which

would otherwise constitute such a waiver shall to such extent be of no force or effect.

Section 9.6. Holiday Payments. If the date for payment of any amount of principal of and interest on the Senior Note shall be a day other than a Business Day, then such payment may be made on the next succeeding Business Day, with the same force and effect as if made on the promised date for such payment.

Section 9.7. Table of Contents, Titles and Headings. The table of contents, the titles of the Articles and the headings of the Sections are not a part of this Senior Security Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

IN WITNESS WHEREOF, the parties have caused this Senior Security Agreement to be executed and delivered as of the date first above written.

OLIVE LEASING CORPORATION

Owner

By 
Vice President

CITICORP INDUSTRIAL CREDIT, INC.

Senior Lender

By 
a Vice President

Exhibit A to
Senior Security Agreement

SENIOR NOTE

\$10,000,000.00

New York, New York
December 30, 1983

FOR VALUE RECEIVED, the undersigned, Olive Leasing Corporation, a Pennsylvania corporation (the "Owner"), promises to pay to the order of Citicorp Industrial Credit, Inc., a Delaware corporation (the "Senior Lender"), at Citibank, N.A., 399 Park Avenue, New York, New York, or at such other place as the holder of this Senior Note may from time to time in writing designate, the sum of Ten Million Dollars (\$10,000,000), which shall be repaid in twenty consecutive semiannual installments in the amounts set forth in Schedule X attached hereto and made a part hereof, commencing July 1, 1984 and on each January 1 and July 1 thereafter until fully paid. In addition, the Owner shall pay interest from the date hereof on the outstanding principal balance of this Senior Note at the rate of 16% per annum. Interest payments shall be made in arrears on each January 1 and July 1, commencing on July 1, 1984. All sums not theretofore paid shall be paid on January 1, 1994.

Principal installments past due shall at the option of the holder bear interest at the Overdue Rate (as such term is defined in the Senior Security Agreement referred to below) until paid.

This Senior Note is subject to prepayment under the circumstances and in the manner set forth in the Senior Security Agreement, and not otherwise.

All payments hereunder shall be applied first to the payment of interest and premium, if any, and second, to the payment of principal.

This Senior Note is given to evidence the Senior Loan made pursuant to the Senior Security Agreement dated December 30, 1983 (the "Senior Security Agreement") by and among the Owner and the Senior Lender. This Senior Note shall be entitled to the benefit of all the terms, conditions and security given to the Senior Lender under the Senior Security Agreement or under any and all agreements granted by the undersigned to the Senior Lender under or in connection with the Senior Security Agreement or otherwise contained in any agreement or instrument delivered by the undersigned to the holder hereof.

Upon the election of the Senior Lender after the occurrence of any Senior Loan Event of Default described in the Senior Security Agreement, subject to the rights of the Owner to cure as provided in the Senior Security Agreement, or upon the termination of the Senior Security Agreement for any reason, then and in any such event, the entire unpaid principal sum evidenced or secured by this Senior Note shall immediately become due and payable without further notice and demand, and the undersigned shall also pay all interest, fees, attorneys' fees, costs of collection, charges or other obligations due to the date of payment hereof in connection with the loan evidenced hereby as may then be required by the Senior Security Agreement or by any agreement or instrument which secures this Senior Note and which was delivered under or in connection with the Senior Security Agreement.

The undersigned hereby waives presentment, demand for payment, notice of dishonor and any or all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Senior Note and hereby consents to any extensions of time, renewals, releases of any party to this Senior Note, waivers or modifications that may be granted or consented to by the holder of this Senior Note in respect of the time of payment or any other provisions of this Senior Note.

The undersigned agrees that its liability is absolute and unconditional without regard to the liability of any other party and that no delay on the part of the holder hereof in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right hereunder preclude other or further exercise thereof or the exercise of any other power or right.

This Senior Note is payable in the State of New York, and shall be construed in accordance with the laws thereof.

OLIVE LEASING CORPORATION

By _____
Vice President

SENIOR NOTE
Schedule X

PAYMENT NUMBER	DUE DATE	TOTAL P&I	INTEREST	PRINCIPAL	BALANCE
					10000000.00
YEAR 84					
1	7 1	804444.44	804444.44	.00	10000000.00
ANNUAL TOTALS		804444.44		.00	
YEAR 85					
2	1 1	800000.00	800000.00	.00	10000000.00
3	7 1	800000.00	800000.00	.00	10000000.00
ANNUAL TOTALS		1600000.00		.00	
YEAR 86					
4	1 1	800000.00	800000.00	.00	10000000.00
5	7 1	800000.00	800000.00	.00	10000000.00
ANNUAL TOTALS		1600000.00		.00	
YEAR 87					
6	1 1	800000.00	800000.00	.00	10000000.00
7	7 1	1212968.53	800000.00	412968.53	7567031.47
ANNUAL TOTALS		2012968.53		412968.53	
YEAR 88					
8	1 1	1212968.53	766962.52	446006.01	9141025.46
9	7 1	1212968.53	731282.04	481686.49	8659338.97
ANNUAL TOTALS		2425937.06		927692.50	
YEAR 89					
10	1 1	1212968.53	692747.12	520221.41	8139117.56
11	7 1	1212968.53	651129.40	561839.13	7577278.43
ANNUAL TOTALS		2425937.06		1082060.54	
YEAR 90					
12	1 1	1212968.53	604100.27	606768.26	697049.17
13	7 1	1212968.53	557609.37	655329.16	6315169.01

PAYMENT NUMBER	DATE	TOTAL P&I	INTEREST	PRINCIPAL	BALANCE
ANNUAL TOTALS		2425937.06	1143924.64	1282115.42	
YEAR 91					
14	1 1	1212968.53	505243.04	707725.49	5607407.52
15	7 1	1212968.53	448592.60	764375.93	4343031.59
ANNUAL TOTALS		2425937.06	953835.64	1472131.42	
YEAR 92					
16	1 1	1212968.53	387442.53	825526.00	4047505.59
17	7 1	1212968.53	321400.45	891568.08	3125937.51
ANNUAL TOTALS		2425937.06	708842.98	1717094.03	
YEAR 93					
18	1 1	1212968.53	250075.00	962893.53	2163043.98
19	7 1	1212968.53	175043.52	1037925.01	1123118.97
ANNUAL TOTALS		2425937.06	423118.52	2002818.54	
YEAR 94					
20	1 1	1212968.49	89849.52	1123118.97	.00
ANNUAL TOTALS		1212968.49	89849.52	1123118.97	
GRAND TOTALS		21786003.82	11786003.82	10000000.00	

Schedule 1
to
Senior Security Agreement

DEFINITIONS

The following terms shall have the following meanings for all purposes of the agreement identified above:

Part A - Parties

Charterer: NYTR Transportation Corp., a Delaware corporation, its successors and, to the extent permitted under the Charter, its assigns.

Lenders: collectively, the Senior Lender and the Subordinated Lender.

LFC: Lease Financing Corporation, a Pennsylvania corporation, and its successors and assigns.

Lone Star: Lone Star Industries, Inc., a Delaware corporation, and its successors and assigns.

NYTR: New York Trap Rock Corporation, a Delaware corporation, its successors and, to the extent permitted by the Clinton Point Agreement, its assigns.

Owner: Olive Leasing Corporation, a Pennsylvania corporation, its successors and, to the extent permitted by the Charter and the Security Agreements, its assigns.

Participant: any of the Charterer, the Owner, the Senior Lender, the Subordinated Lender, NYTR, Lone Star or LFC.

Senior Lender: Citicorp Industrial Credit, Inc., a Delaware corporation, and its successors and assigns.

Subordinated Lender: NYTR Transportation Corp., a Delaware corporation, and its successors and assigns.

Part B - Documents

Basic Documents: collectively, the Participation Agreement, the Bill of Sale, the Charter, the Clinton Point Agreement, the Notes, the Security Agreements, the Mortgages, the Guarantees and the Tax Indemnity Agreement.

Bill of Sale: the Bill of Sale delivered or to be delivered on the Purchase Date by the Charterer to the Owner, conveying the Vessels to the Owner.

Charter: the Bareboat Charter Agreement dated or to be dated the Purchase Date between the Owner and the Charterer, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Clinton Point Agreement: the Clinton Point Agreement dated or to be dated the Purchase Date between the Owner and NYTR, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Guarantees: collectively, the NYTR Guarantee, the Lone Star Guarantee, the LFC Guarantee and the Subordinated Note Guarantee.

LFC Guarantee: the Guarantee Agreement dated or to be dated the Purchase Date of LFC in favor of the Charterer, NYTR and Lone Star, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Lone Star Guarantee: the Guarantee Agreement dated or to be dated the Purchase Date of Lone Star in favor of the Owner, LFC, the Senior Lender and the Subordinated Lender, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Mortgages: collectively, the Senior Mortgage and the Subordinated Mortgage.

Notes: collectively, the Senior Note and the Subordinated Note.

NYTR Guarantee: the Guarantee Agreement dated or to be dated the Purchase Date of NYTR in favor of the Owner, the Senior Lender and the Subordinated Lender, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Participation Agreement: the Participation Agreement dated or to be dated the Purchase Date among each of the Participants other than LFC, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Security Agreements: collectively, the Senior Security Agreement and the Subordinated Security Agreement.

Senior Mortgage: the First Preferred Fleet Mortgage given or to be given by the Owner to the Senior Lender pursuant to the Senior Security Agreement, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Senior Note: the 16% Senior Promissory Note due January 1, 1994 issued or to be issued on the Purchase Date by the Owner to the Senior Lender.

Senior Security Agreement: the Senior Security Agreement dated or to be dated the Purchase Date between the Owner and the Senior Lender, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Subordinated Mortgage: the Second Preferred Fleet Mortgage given or to be given by the Owner to the Subordinated Lender pursuant to the Subordinated Security Agreement, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Subordinated Note: the 15% Subordinated Promissory Note due January 1, 1994 issued or to be issued on the Purchase Date by the Owner to the Subordinated Lender.

Subordinated Note Guarantee: the guarantee of LFC endorsed or to be endorsed on the Subordinated Note.

Subordinated Security Agreement: the Subordinated Security Agreement dated or to be dated the Purchase Date between the Owner and the Subordinated Lender, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Tax Indemnity Agreement: the Tax Indemnity Agreement dated or to be dated the Purchase Date between the Charterer and the Owner, as the same may be amended, supplemented or waived from time to time in accordance with its terms.

Part C - Other Terms

Abatement: as set forth in Section 6(b) of the Charter.

Accumulated Payments Credit: an amount equal to (x) the Special Payment Account Deficiency on December 31, 1995, plus (y) the aggregate amount of any payments made on or before December 31, 1995 pursuant to Section 4(c) of the Charter.

Accumulated Present-Valued Basic Hire Shortfall: as of any date of determination, the sum of the Present-Valued Basic Hire Shortfalls on such date for each Basic Hire Date or July 1 during the Basic Term prior to such date.

Affiliate: With respect to any person, any other person which, directly or indirectly, controls, or is controlled by, or is under common control with, the such person, and any director, officer or employee of any such person. For purposes of this definition, "control" shall include the power, directly or indirectly, either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors of such person or (ii) direct or in effect cause the direction of the management and policies of such person, whether by contract or otherwise.

Aggregate: aggregate, crushed rock, gravel, sand, slag or any similar material customarily used in construction or roadbuilding that is suited for transportation on the Vessels.

Aggregate Owner's Cost: an amount equal to the sum of the Aggregate Purchase Price plus the Transaction Costs paid or to be paid by the Owner (i.e., \$18,173,780).

Aggregate Purchase Price: the sum of the Purchase Prices of all of the Vessels, i.e. \$18,077,000.

Annual Base Amount: for any calendar year during the Basic Term, the Annual Base Volume for such calendar year multiplied by the Base Rate.

Annual Base Volume: for any calendar year during the Basic Term, a Transportation Volume equal to 1,200,000 cubic yards (plus, for calendar year 1984, 3,290 cubic yards times the number of days from and including the Purchase Date to and including December 31, 1983), less any reductions in such amount pursuant to Section 12(c) of the Charter following any Event of Loss.

Applicable Fraction: for any Vessel as of any Loss

Payment Date, a fraction, the numerator of which is the Casualty Value for such Vessel on such Loss Payment Date and the denominator of which is the aggregate Casualty Value for all Vessels subject to the Charter on such Loss Payment Date (including the Vessel for which such determination is being made and including any Vessels then subject to Owner Requisition).

Appraisal: the "Fair Market Value Report" dated October 20, 1983 submitted by The American Appraisal Company to Lone Star relating to 116 used river scows, a copy of which is attached to the Charter as Exhibit B thereto.

Appraisal Procedure: the following procedure for determining any disputed value which may be determined by the Appraisal Procedure pursuant to the terms of the Charter: If the appropriate party to the Charter shall have given written notice to the other requesting determination of such disputed value by the Appraisal Procedure, each party shall appoint a qualified, independent appraiser within 15 days of the giving of such notice. Each appraiser so appointed shall be instructed to determine independently such disputed value in accordance with the applicable definition contained herein and within 30 days after the giving of such notice. If the difference between the amounts so determined by the two appraisers shall not exceed 10% of the lesser of such amounts, then the disputed value shall be an amount equal to 50% of the sum of the amounts so determined. If the difference between the amounts so determined shall exceed 10% of the lesser of such amounts, then such two appraisers shall have 10 days to appoint a third appraiser, who shall be instructed to determine the disputed value in accordance with the applicable definition contained herein and within 20 days after such appointment, and the disputed value shall be the amount so determined by the third appraiser. This provision for determination by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties except as otherwise provided by applicable law. All costs of any such appraisals shall be borne in equal shares by the Charterer and the Owner.

Authorized Newspapers: the "Wall Street Journal" (all editions), the "Journal of Commerce" and a newspaper of general circulation printed in the English language, customarily published on each Business Day, and of general circulation in New York, New York.

Base Payment: as set forth in Section 4(a) of the Charter.

Base Rate: \$3.00 per cubic yard.

Basic Hire: (i) with respect to the Basic Term, all charter hire required to be paid by the Charterer pursuant to Sections 4(a) and 4(b) of the Charter, including Base Payments and any Discount Payments and Special Payments, and (ii) with respect to any Renewal Term, the quarterly installments of charter hire required to be paid by the Charterer throughout such Renewal Term pursuant to Section 4(f) of the Charter.

Basic Hire Date: during the Basic Term, each January 1, commencing January 1, 1985, and the last day of the Basic Term; and during any Renewal Term, the quarter-annual dates commencing three months after the last day of the Basic Term, Extension Term or Renewal Term immediately preceding such Renewal Term.

Basic Hire Shortfall: for any Basic Hire Date during the Basic Term, the amount, if any, by which the Hire paid on such Basic Hire Date pursuant to Section 4(a) and 4(c) of the Charter is less than the Annual Base Amount for the preceding calendar year less the amount of Hire paid on the preceding July 1 pursuant to Sections 4(b) and 4(d) of the Charter; and for any July 1 during the Basic Term, the amount, if any, by which the Hire paid on such July 1 pursuant to Sections 4(b) and 4(d) of the Charter is less than the Semiannual Base Amount for the current calendar year.

Basic Term: the period commencing on the Purchase Date and continuing through and including December 31, 1995, or such earlier date on which the Charter shall have been terminated in accordance with the terms thereof.

Business Day: any day which is not a Saturday, Sunday or day on which banks are authorized or required to be closed in New York.

Capacity: for any Fleet Vessel, the aggregate volume of Aggregate (measured in cubic yards) that can be transported by such Fleet Vessel under normal operating conditions, determined in accordance with practices customary in the Aggregate shipping industry. For any Vessel, the Capacity is agreed to be the capacity set forth in the Appraisal with respect to such Vessel.

Casualty Value: for any Vessel on any date, the amount determined by multiplying (x) the Owner's Cost of such Vessel times (y) the percentage determined in accordance with Exhibit C to the Charter, plus the Discounted Estimated Residual Value of such Vessel on such date.

Charter Capacity: for any calendar year, the aggregate Capacity of all of the Vessels under charter to the Charterer at any time during such calendar year, provided that, with respect

to any Vessel that is under charter to the Charterer for a portion of such calendar year only by reason of an Event of Loss or that is not available for use by the Charterer or available for use by the Charterer for only a portion of such calendar year by reason of an Owner Requisition, there shall be included in Charter Capacity on account of such Vessel for such calendar year only the Capacity of such Vessel multiplied by a fraction, the numerator of which is the number of days in such calendar year during which such Vessel was under charter and available to the Charterer and the denominator of which is 365.

Charter Default: a Charter Event of Default or an event or condition which, with the giving of notice or the passage of time or both, would become a Charter Event of Default.

Charter Event of Default: any of the events or conditions set forth in Section 17 of the Charter.

Charterer's Vessel Storage Facilities: any dock, fleeting area or other facility owned, operated or used by the Charterer for the temporary storage of river scows.

Claims: as set forth in Section 14 of the Charter.

Code: the Internal Revenue Code of 1954, as amended and in effect from time to time.

Discount Payment: as set forth in Section 4(a) of the Charter.

Discounted Estimated Residual Value: for any Vessel on any date, an amount equal to the Estimated Residual Value of such Vessel discounted from December 31, 1995 to the date of determination using an interest rate of 12% per annum, compounded semiannually on each January 1 and July 1.

Documentation Date: the date on which an Undocumented Vessel is documented.

Documented Vessel: any Vessel that is documented as a vessel of the United States in accordance with 46 CFR Chapter 67.

Estimated Residual Value: for any Vessel, an amount equal to the Purchase Price for such Vessel times the percentage for such Vessel set forth in the Appraisal under the column heading "Residual Value 12-Year."

Event of Loss: as to any Vessel, an Event of Loss shall be deemed to have occurred (i) if such Vessel shall be lost, stolen, seized, forfeited, destroyed, damaged to such extent as

to make repair uneconomic or impracticable, or permanently rendered unfit for its intended use for any reason, or (ii) if title to or use or possession of such Vessel shall be taken or requisitioned by any governmental authority, or (iii) complying with Section 11(e) of the Charter with respect to such Vessel would be uneconomic or impracticable (and for purposes of this clause (iii) such compliance shall not be deemed uneconomic unless the direct costs thereof would exceed \$25,000 for such Vessel).

Excepted Payments: all Supplemental Hire payable to the Owner pursuant to Section 10 or 14 of the Charter and all amounts payable by the Charterer under the Tax Indemnity Agreement.

Excess Volume: for any calendar year, the excess (if any) of Transportation Volume for such calendar year over Annual Base Volume for such calendar.

Excess Volume Discount: for any calendar year, the Excess Volume for such calendar year (if any) multiplied by \$2.90 per cubic yard.

Excess Volume Discount Account: a book account to be maintained by the Charterer, the balance of which on any date shall be an amount equal to (x) the aggregate Excess Volume Discounts for all prior calendar years (excluding any Excess Volume Discounts credited to the Special Payment Account) less (y) the aggregate amount of any Discount Payments theretofore paid.

Expiration Date: the last day of the Term.

Extension Term: if elected, the period commencing on January 1, 1996 and ending on the earlier of (i) December 31, 1997 or (ii) the date on which the aggregate volume of Aggregate transported by the Charter on all of the Vessels after December 31, 1995 shall first be equal to or greater than the quotient obtained by dividing the Accumulated Payments Credit by the Base Rate.

Facility: the facility presently being operated by NYTR at Clinton Point in Poughkeepsie, New York for the extraction, processing, storage and loading for shipment of Aggregate, including all land, real property rights, buildings, improvements, docks, equipment and facilities necessary or useful for such activities, whether now or hereafter existing.

Fair Market Hire: for any Vessel as of a particular date, the open market periodic charter hire that an informed and willing person (other than a charterer or user in possession)

would pay to bareboat charter such Vessel (if no longer subject to the Charter) in an arm's length transaction with a willing and informed owner under no compulsion to charter, as such periodic charter hire is determined by agreement of the Owner and the Charterer or, failing such agreement, by the Appraisal Procedure.

Fair Market Sales Value: for any Vessel as of a particular date, the open market cash purchase price that an informed and willing person (other than a charterer or user in possession or a used equipment or scrap dealer) would pay for such Vessel (if no longer subject to the Charter) in an arm's-length transaction with a willing and informed owner under no compulsion to sell (except for purposes of clause (6) of Section 18(b) of the Charter, to the extent otherwise provided in said clause (6), as such price is determined by agreement of the Owner and the Charterer or, failing such agreement, by the Appraisal Procedure.

Fleet Capacity: for any calendar year, the sum of (x) the Charter Capacity for such calendar year plus (y) the aggregate Capacity of all of the Fleet Vessels owned by or under charter to the Charterer and situated in the Market Area at any time during such calendar year other than the Vessels, provided that, with respect to any such Fleet Vessel that is owned or used by or under charter to the Charterer and situated in the Market Area for only a portion of such calendar year, there shall be included in Fleet Capacity on account of such Fleet Vessel for such calendar year only the Capacity of such Fleet Vessel multiplied by a fraction, the numerator of which is the number of days in such calendar year during which such Fleet Vessel was owned or used by or under charter to the Charterer and situated in the Market Area and the denominator of which is 365.

Fleet Vessel: for any calendar year, any vessel owned or used by or under charter to the Charterer, NYTR, Lone Star or any subsidiary of any thereof during such calendar year that is reasonably suited for the transportation of Aggregate by water (including any Vessel).

Force Majeure: any event which is beyond the reasonable control of and occurs without fault or negligence of the party asserting the force majeure which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether the event was foreseeable and whether similar or dissimilar to the following described events of force majeure, including but not limited to an act of God or an act of the public enemy; fire, flood, explosion or other serious casualty; unusually severe weather; war (whether declared or not); warlike circumstances; mobilization; revolution, riot or civil commotion; legal

intervention; regulation or order of governmental authority; strike, lock-out or other labor disputes; delay, default or damage caused by carrier, inability to obtain fuel or power; breakdowns of or damage to plant, equipment or facilities; forced outages and downtime; and inability to obtain, delay or nondelivery of materials, equipment or other items.

Hire: collectively, all Basic Hire and Supplemental Hire.

Impositions: as set forth in Section 10 of the Charter.

Increased Senior Loan Security: as set forth in Section 3.4(b) of the Senior Security Agreements.

Increased Subordinated Loan Security: as set forth in Section 3.4(b) of the Subordinated Security Agreements.

Indebtedness: the total indebtedness of any person calculated in accordance with generally accepted accounting principles consistently applied.

Indemnified Person: each of the Owner, the Senior Lender, the Subordinated Lender, LFC and their respective agents, servants, employees and officers.

Lien: any lien, charge, claim, encumbrance, security interest, mortgage, pledge, charter or subcharter.

Loan: the Senior Loan or the Subordinated Loan.

Loan Default: a Senior Loan Default or Subordinated Loan Default.

Loan Event of Default: a Senior Loan Event of Default or Subordinated Loan Event of Default.

Loss Payment Date: for any Event of Loss occurring on or before June 30 in any calendar year during the Basic Term, the next July 1; for any Event of Loss occurring after June 30 in any calendar year during the Basic Term, the next Basic Hire Date; for any Event of Loss occurring during the Extension Term (if any), the last day of the Extension Term; and for any Event of Loss occurring during any Renewal Term, the next Basic Hire Date.

Market Area: at any time, the Vessel Service Area and any other locations that may then be supplied by water-delivered Aggregate transported on board the Vessels (or any vessels similar to the Vessels) from the Facility (or any other active loading point for Aggregate along the Hudson River at which the

Vessels could be loaded and at which Aggregate could be obtained by the Charterer, NYTR, Lone Star or any subsidiary of any thereof) at costs competitive with those that would be charged by suppliers of Aggregate using other means of transport or other sources of supply of Aggregate.

Market Rate: as of any date of determination, the average of the yields to maturity, determined in accordance with generally accepted financial practice, of the most recently issued five-year and ten-year United States Treasury notes during the three-week period ending on the Friday immediately preceding the date of determination, plus 2.90% per annum.

Overall Transaction: the transactions contemplated by the Basic Documents, collectively.

Overdue Rate: the higher of (i) 17% per annum or (ii) 1% per annum above the Prime Rate, but not higher than the maximum rate permitted by applicable law.

Owner Requisition: for any Vessel, the requisition of the use of such Vessel by the Owner pursuant to Section 16 of the Charter.

Owner's Cost: for any Vessel, an amount equal to the Purchase Price for such Vessel times a fraction, the numerator of which is the Aggregate Owner's Cost and the denominator of which is the Aggregate Purchase Price.

Owner's Lien: any Lien voluntarily created by or resulting from claims against the Owner or its Affiliates (including LFC and its subsidiaries) not related to the transactions contemplated by the Basic Documents.

Permitted Lien: as set forth in Section 9 of the Charter.

Person: any corporation, partnership, trust, estate, individual, unincorporated business entity or governmental department, administrative agency or instrumentality.

Present-Valued Basic Hire Shortfall: as of any date of determination, for any Basic Hire Date or July 1 during the Basic Term, an amount equal to the sum of (x) the Basic Hire Shortfall for such Basic Hire Date or July 1 plus (y) interest on such Basic Hire Shortfall from such Basic Hire Date or July 1 to the date of determination at the rate of 16% per annum, compounded semiannually on each January 1 and July 1.

Prime Rate: the fluctuating rate of interest announced publicly by Citibank, N.A. in New York, New York from time to time as its base rate.

Purchase Date: the date on which the Vessels are purchased by the Owner from the Charterer.

Purchase Price: for any Vessel, the estimated present fair market value of such Vessel as set forth in the Appraisal under the column heading "Fair Market Value."

Reacquisition Date: as set forth in Section 19(c) of the Charter.

Renewal Term: any renewal term pursuant to Section 19 of the Charter.

Requisitioned Vessel: any Vessel the use of which has been requisitioned by the Owner pursuant to Section 16 of the Charter, until such requisition has terminated or such Vessel has been sold pursuant to said Section 16.

Semiannual Base Amount: for any calendar year, one-half of the Annual Base Volume for such calendar year multiplied by the Base Rate. For purposes of this definition, Annual Base Volume shall be determined on the basis of the status of the Vessels during the first six months of such calendar year (i.e., taking into account any Events of Loss during the first six months of such calendar year and assuming no Events of Loss during the last six months of such calendar year).

Senior Loan: the loan evidenced by the Senior Note.

Senior Loan Default: a Senior Loan Event of Default or an event or condition which, with the giving of notice or the passage of time or both, would become a Senior Loan Event of Default.

Senior Loan Event of Default: any of the events or conditions set forth in Section 3.1 of the Senior Security Agreement.

Senior Loan Prepayment Premium: on any date for the prepayment of the Senior Note pursuant to clause (ii) of Section 6.1 of the Senior Security Agreement, an amount equal to 0.50% of the unpaid principal balance of the Senior Note immediately prior to the prepayment or purchase thereof, plus (if the Market Rate is less than 16%) the amount, if any, by which the present value of the remaining installments of principal and interest on the Senior Note, determined as set forth below, exceeds such unpaid

principal balance. The present value of such remaining installments of principal and interest shall be determined by discounting such remaining installments from the respective dates on which such remaining installments were to have been paid as set forth in Schedule X to the Senior Note (as such Schedule X may have been revised pursuant to Section 2.8 of the Senior Security Agreement as the result of any partial prepayment of the Senior Note pursuant to said Section 2.8) to the date of prepayment or purchase using an interest rate equal to the Market Rate as of the date of prepayment or purchase, compounded semiannually on each January 1 and July 1.

Senior Loan Security: as set forth in the Granting Clauses of the Senior Security Agreement.

Shipbuilder: as to any Vessel, the original builder thereof.

Shortfall Volume: for any calendar year, the excess (if any) of Annual Base Volume for such calendar year over Transportation Volume for such calendar year.

Special Payment: as set forth in Section 4(a) of the Charter.

Special Payment Account: a book account to be maintained by the Charterer, the balance of which on any date shall be an amount equal to (x) 10% of the Aggregate Purchase Price, plus interest thereon from the Purchase Date to the date of determination at the rate of 12% per annum, compounded semiannually on each January 1 and July 1 (provided that, following any payment of Casualty Value pursuant to Section 12 of the Charter, the Aggregate Purchase Price for purposes of this clause (x) shall be reduced by an amount equal to the Purchase Price of the Vessels as to which Casualty Value was so paid), less (y) the aggregate amount of any Special Payments theretofore paid, plus interest on each of such Special Payments from the date on which such Special Payment was made to the date of determination at the rate of 12% per annum, compounded semiannually on each January 1 and July 1, plus (z) the aggregate amount of any Excess Volume Discounts credited to the Special Payment Account pursuant to the next sentence, plus interest on the Excess Volume Discounts so credited from the respective dates on which such credits were made to the date of determination at the rate of 12% per annum, compounded semiannually on each January 1 and July 1. On any Basic Hire Date on which the Charterer is entitled to any Excess Volume Discount pursuant to clause (i) of Section 4(a) hereof, such Excess Volume Discount shall be credited first to the Special Payment Account to the extent of the Special Payment Account Deficiency, if any, and

second to the Excess Volume Discount Account to the extent, if any, not credited to the Special Payment Account.

Special Payment Account Deficiency: on any date, the amount by which the balance of the Special Payment Account is less than the amount specified in clause (x) of the definition of "Special Payment Account."

Subordinated Loan: the loan evidenced by the Subordinated Note.

Subordinated Loan Default: a Subordinated Loan Event of Default or an event or condition which, with the giving of notice or the passage of time or both, would become a Subordinated Loan Event of Default.

Subordinated Loan Event of Default: any of the events or conditions set forth in Section 3.1 of the Subordinated Security Agreement.

Subordinated Loan Security: as set forth in the Granting Clauses of the Subordinated Security Agreement.

Supplemental Hire: Casualty Value, indemnities and all other sums from time to time due and payable by the Charterer to any other Participant under the provisions of the Basic Documents, excluding Basic Hire.

Tax Assumptions: as set forth in Section 2 of the Tax Indemnity Agreement.

Term: the Basic Term, any Extension Term and any Renewal Terms.

Transaction Costs: the reasonable out-of-pocket expenses incurred or paid by any Participant in connection with the negotiation and consummation of the Overall Transaction, including without limitation: (i) the fees of Salomon Brothers Inc, (ii) the costs of the Appraisal, (iii) the fees and disbursements of any counsel acting on behalf of the Owner or the Senior Lender, other than house counsel, (iv) the costs of documenting the Vessels, (v) the costs of any filings, recordations or similar actions under the Uniform Commercial Code, the Interstate Commerce Act or the Ship Mortgage Act, 1920, and (vi) any sales, use, stamp or documentary taxes incident to the sale of the Vessels by the Charterer to the Owner or the financing of such purchase by the Lenders.

Transportation Volume: for any calendar year during the Basic Term, the aggregate volume of Aggregate loaded onto all

Vessels during such calendar year (expressed in cubic yards). (Transportation Volume shall also include, for any calendar year during the Basic Term, the aggregate volume of Aggregate loaded in contravention of Section 6 of the Clinton Point Agreement.) For purposes of this definition, (i) calendar year 1984 shall be deemed to commence on the Purchase Date and (ii) any Aggregate transported on any Requisitioned Vessel during an Owner Requisition shall be disregarded.

Undocumented Vessel: any Vessel that is not a Documented Vessel.

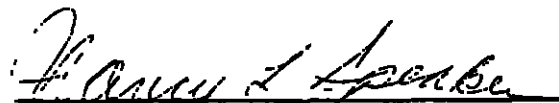
Vessel: any of the 116 used open deck river scows chartered or to be chartered under the Charter, as identified in Exhibit A to the Charter.

Vessel Service Area: at any time, the locations at which the Vessels are then regularly loaded or unloaded, all navigable intracoastal waterways and rivers connecting such locations, and all navigable rivers emptying into such intracoastal waterways. At the date hereof, the Vessel Service Area includes Upper New York Bay, the Hudson River north to Poughkeepsie, the East River, the Long Island Sound east to Bridgeport and Port Jefferson, Newark Bay, Kill Van Kull, Arthur Kill, the Raritan River west to Keasby, the Hackensack River north to Bogota, the Passaic River north to Harrison, Gravesend Bay, Sheepshead Bay and Jamaica Bay.

Vessel Warranty: with respect to any Vessel, any warranty or similar undertaking given by the Shipbuilder or any shipyard or other person with respect to the design, function, capacity, construction, repair or condition of such Vessel or any part thereof.

STATE OF PENNSYLVANIA)
COUNTY OF DELAWARE) ss.:

On this 4th day of January, 1984 before me personally appeared Richard E. Caruso, to me personally known, who being by me duly sworn, says that he is a Vice President of Olive Leasing Corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

My commission expires _____

NANCY L. SPEAKER, Notary Public
Radnor Twp., Delaware Co
My Commission Expires June 4, 1987

COUNTY OF BERGEN)

COUNTY OF BERGEN)



Notary Public
STEPHEN A. MOLDORFF
Notary Public Office
10000 E. 1st Street, Suite 100
Denver, CO 80231

My commission expires _____

RECORDATION NO. 71-28-B FILED 1425

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INTERSTATE COMMERCE COMMISSION

Certificate

Attached is a true and complete copy of the Subordinated Security Agreement dated December 30, 1983 between Olive Leasing Corporation and NYTR Transportation Corp., which I have carefully compared with the original.

IN WITNESS WHEREOF, I have signed this certificate this 6th day of January, 1984.

Adele Mahlow
Notary Public

ADELE MAHLOW
NOTARY PUBLIC State of New York
No. 31-4732486
Qualified in New York County
Commission Expires March 30, 1984

[Seal]